

Audited Financial Statements
and Other Financial Information

Town of Readfield, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF READFIELD, MAINE

CONTENTS

JUNE 30, 2017

| | PAGE |
|--|---------|
| INDEPENDENT AUDITORS' REPORT | 1 - 3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 - 11 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT A - STATEMENT OF NET POSITION | 12 |
| STATEMENT B - STATEMENT OF ACTIVITIES | 13 - 14 |
| FUND FINANCIAL STATEMENTS | |
| STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS | 15 |
| STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION | 16 |
| STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS | 17 |
| STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 18 |
| NOTES TO FINANCIAL STATEMENTS | 19 - 42 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION | 43 |
| SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND | 44 - 45 |

OTHER SUPPLEMENTARY INFORMATION

| | |
|---|---------|
| OTHER SUPPLEMENTARY INFORMATION DESCRIPTION | 46 |
| SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND | 47 - 50 |
| SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS | 51 |
| SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS | 52 |
| SPECIAL REVENUE FUNDS DESCRIPTION | 53 |
| SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS | 54 |
| SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS | 55 |
| PERMANENT FUNDS DESCRIPTION | 56 |
| SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS | 57 - 58 |
| SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS | 59 - 60 |
| GENERAL CAPITAL ASSETS DESCRIPTION | 61 |
| SCHEDULE H - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION | 62 |
| SCHEDULE I - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION | 63 |
| SCHEDULE J - SCHEDULE OF VALUATION, ASSESSMENT AND COLLECTION OF TAXES | 64 |

FEDERAL COMPLIANCE

| | |
|---|---------|
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 65 - 66 |
|---|---------|



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Select Board
Town of Readfield
Readfield, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Readfield, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 44 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Readfield, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018, on our consideration of the Town of Readfield, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Readfield, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
May 23, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(UNAUDITED)

The following management's discussion and analysis of the Town of Readfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Readfield's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The above mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Readfield is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, boards and commissions, town buildings, community services, recreation, parks and activities, protection, cemeteries, roads and drainage, solid waste, education, regional assessments and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Readfield, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Readfield are categorized as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Readfield presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$74,144 from \$22,984,774 to \$22,910,630.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased for the governmental activities to a balance of \$2,176,675 at the end of the fiscal year.

Table 1
Town of Readfield, Maine
Net Position
June 30,

| | Governmental Activities | |
|--------------------------------------|--------------------------------|-----------------------------|
| | 2017 | 2016 |
| Assets | | |
| Current Assets | \$ 2,520,075 | \$ 2,545,262 |
| Capital Assets | 21,564,790 | 21,508,043 |
| Total Assets | <u>24,084,865</u> | <u>24,053,305</u> |
| Liabilities | | |
| Current Liabilities | 380,918 | 304,558 |
| Long-term Debt Outstanding | 775,275 | 748,882 |
| Total Liabilities | <u>1,156,193</u> | <u>1,053,440</u> |
| Deferred Inflows of Resources | | |
| Prepaid Taxes | 18,042 | 15,091 |
| Total Deferred Inflows of Resources | <u>18,042</u> | <u>15,091</u> |
| Net Position | | |
| Net Investment in Capital Assets | 20,469,565 | 20,511,437 |
| Restricted: Permanent Funds | 264,390 | 230,916 |
| Unrestricted | 2,176,675 | 2,242,421 |
| Total Net Position | <u><u>\$ 22,910,630</u></u> | <u><u>\$ 22,984,774</u></u> |

Table 2
Town of Readfield, Maine
Change in Net Position
For the Years Ended June 30,

| | Governmental Activities | |
|---|--------------------------------|----------------------|
| | 2017 | 2016 |
| Revenues | | |
| <i>Program Revenues:</i> | | |
| Charges for Services | \$ 253,230 | \$ 213,878 |
| Operating Grants and Contributions | 51,507 | 55,068 |
| <i>General Revenues:</i> | | |
| Taxes | 5,045,248 | 4,925,468 |
| Grants and Contributions Not Restricted to Specific Programs | 235,743 | 218,562 |
| Miscellaneous | 116,097 | 58,664 |
| Total Revenues | <u>5,701,825</u> | <u>5,471,640</u> |
| Expenses | | |
| General Government | 463,857 | 438,868 |
| Boards and Commissions | 3,014 | 3,284 |
| Town Buildings | 27,658 | 33,598 |
| Community Services | 64,156 | 58,354 |
| Recreation, Parks and Activities | 21,177 | 34,089 |
| Protection | 153,960 | 181,561 |
| Cemeteries | 30,916 | 31,532 |
| Roads and Drainage | 870,796 | 898,441 |
| Solid Waste | 270,123 | 253,468 |
| Education | 3,442,351 | 3,325,546 |
| Regional Assessments | 306,973 | 301,054 |
| Unclassified | 54,370 | 22,522 |
| Interest on Long-term Debt | 33,003 | 43,592 |
| Capital Outlay | 33,615 | 31,199 |
| Total Expenses | <u>5,775,969</u> | <u>5,657,108</u> |
| Change in Net Position | (74,144) | (185,468) |
| Net Position - July 1, Restated | <u>22,984,774</u> | <u>23,170,242</u> |
| Net Position - June 30 | <u>\$ 22,910,630</u> | <u>\$ 22,984,774</u> |

Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.21%, while total expenses increased by 2.10%.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Readfield, Maine
Fund Balances - Governmental Funds
June 30,

| | <u>2017</u> | <u>2016</u> |
|------------------------|---------------------|---------------------|
| General Fund: | | |
| Nonspendable | \$ 4,526 | \$ 4,047 |
| Committed | 706,782 | 699,959 |
| Assigned | 125,000 | - |
| Unassigned | 1,171,504 | 1,335,802 |
| Total General Fund | <u>\$ 2,007,812</u> | <u>\$ 2,039,808</u> |
| Nonmajor Funds: | | |
| Special Revenue Funds: | | |
| Assigned | \$ 4,767 | \$ 4,767 |
| Permanent Funds: | | |
| Nonspendable | 127,808 | 123,570 |
| Restricted | 136,582 | 107,346 |
| Total Nonmajor Funds | <u>\$ 269,157</u> | <u>\$ 235,683</u> |

The general fund total fund balance decreased by \$31,996 from the prior fiscal year primarily due to increased education expenses. The nonmajor fund balances increased by \$33,474 from the prior fiscal year primarily due to investment income.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$138,895. This was primarily the result of taxes that were received in excess of budgeted amounts.

The general fund actual expenditures were under the budget by \$286,129. All expenditure categories were within or under budget with the exception of protection.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$56,747 from the prior year. This increase is the result of capital additions of \$636,930 less current year depreciation expense of \$580,183. Refer to Note 4 of Notes to Financial Statements for more detailed information.

Table 4
Town of Readfield, Maine
Capital Assets (Net of Depreciation)
June 30,

| | 2017 | 2016 |
|-----------------------------------|----------------------|----------------------|
| Land and non-depreciable assets | \$ 2,865,844 | \$ 2,865,844 |
| Buildings and improvements | 236,092 | 274,832 |
| Machinery, equipment and vehicles | 567,439 | 153,780 |
| Infrastructure | 17,895,415 | 18,213,587 |
| Total | <u>\$ 21,564,790</u> | <u>\$ 21,508,043</u> |

Debt

At June 30, 2017, the Town had \$1,095,225 in bonds and a capital lease outstanding versus \$996,606 last year. Other obligations include accrued compensated absences. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of at least two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 8 Old Kents Hill Road, Readfield, Maine 04355.

STATEMENT A

TOWN OF READFIELD, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

| | Governmental Activities |
|--|-----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,758,755 |
| Investments | 317,036 |
| Accounts receivable (net of allowance for uncollectibles): | |
| Taxes | 329,743 |
| Liens | 102,009 |
| Other | 8,006 |
| Tax acquired property | 4,526 |
| Total current assets | <u>2,520,075</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land and other assets not being depreciated | 2,865,844 |
| Buildings, equipment and infrastructure, net of accumulated depreciation | 18,698,946 |
| Total noncurrent assets | <u>21,564,790</u> |
| TOTAL ASSETS | <u><u>\$ 24,084,865</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 19,819 |
| Accrued payroll | 2,797 |
| Other liabilities | 13,104 |
| Current portion of long-term obligations | 345,198 |
| Total current liabilities | <u>380,918</u> |
| Noncurrent liabilities: | |
| Noncurrent portion of long-term obligations: | |
| Bonds payable | 775,275 |
| Total noncurrent liabilities | <u>775,275</u> |
| TOTAL LIABILITIES | <u>1,156,193</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Prepaid taxes | 18,042 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>18,042</u> |
| NET POSITION | |
| Net investment in capital assets | 20,469,565 |
| Restricted: Permanent funds | 264,390 |
| Unrestricted | 2,176,675 |
| TOTAL NET POSITION | <u>22,910,630</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 24,084,865</u></u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|----------------------------------|---------------------|-------------------------|-------------------------------------|-----------------------------------|---|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Total |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| General government | \$ 463,857 | \$ 37,959 | \$ - | \$ - | \$ (425,898) |
| Boards and commissions | 3,014 | - | - | - | (3,014) |
| Town buildings | 27,658 | - | - | - | (27,658) |
| Community services | 64,156 | - | - | - | (64,156) |
| Recreation, parks and activities | 21,177 | 21,542 | - | - | 365 |
| Protection | 153,960 | - | 16,147 | - | (137,813) |
| Cemeteries | 30,916 | - | - | - | (30,916) |
| Roads and drainage | 870,796 | - | 35,360 | - | (835,436) |
| Solid waste | 270,123 | 184,834 | - | - | (85,289) |
| Education | 3,442,351 | - | - | - | (3,442,351) |
| Regional assessments | 306,973 | 8,895 | - | - | (298,078) |
| Unclassified | 54,370 | - | - | - | (54,370) |
| Interest on long-term debt | 33,003 | - | - | - | (33,003) |
| Capital outlay | 33,615 | - | - | - | (33,615) |
| Total government | <u>\$ 5,775,969</u> | <u>\$ 253,230</u> | <u>\$ 51,507</u> | <u>\$ -</u> | <u>(5,471,232)</u> |

STATEMENT B (CONTINUED)

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Changes in net position: | |
| Net (expense) revenue | <u>(5,471,232)</u> |
| General revenues: | |
| Taxes: | |
| Property taxes, levied for general purposes | 4,527,319 |
| Excise taxes | 517,929 |
| Grants and contributions not restricted to specific programs | 235,743 |
| Miscellaneous | 116,097 |
| Total general revenues | <u>5,397,088</u> |
| Change in net position | (74,144) |
| NET POSITION - JULY 1, RESTATED | <u>22,984,774</u> |
| NET POSITION - JUNE 30 | <u><u>\$ 22,910,630</u></u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,688,187 | \$ 70,568 | \$ 1,758,755 |
| Investments | 123,509 | 193,527 | 317,036 |
| Accounts receivable (net of allowance for uncollectibles): | | | |
| Taxes | 329,743 | - | 329,743 |
| Liens | 102,009 | - | 102,009 |
| Other | 8,006 | - | 8,006 |
| Tax acquired property | 4,526 | - | 4,526 |
| Due from other funds | 1,191 | 6,253 | 7,444 |
| TOTAL ASSETS | <u>\$ 2,257,171</u> | <u>\$ 270,348</u> | <u>\$ 2,527,519</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 19,819 | \$ - | \$ 19,819 |
| Accrued payroll | 2,797 | - | 2,797 |
| Other liabilities | 13,104 | - | 13,104 |
| Due to other funds | 6,253 | 1,191 | 7,444 |
| Accrued compensated absences | 25,248 | - | 25,248 |
| TOTAL LIABILITIES | <u>67,221</u> | <u>1,191</u> | <u>68,412</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred tax revenues | 164,096 | - | 164,096 |
| Prepaid taxes | 18,042 | - | 18,042 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>182,138</u> | <u>-</u> | <u>182,138</u> |
| FUND BALANCES | | | |
| Nonspendable | 4,526 | 127,808 | 132,334 |
| Restricted | - | 136,582 | 136,582 |
| Committed | 706,782 | - | 706,782 |
| Assigned | 125,000 | 4,767 | 129,767 |
| Unassigned | 1,171,504 | - | 1,171,504 |
| TOTAL FUND BALANCES | <u>2,007,812</u> | <u>269,157</u> | <u>2,276,969</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 2,257,171</u> | <u>\$ 270,348</u> | <u>\$ 2,527,519</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>Total Governmental Funds</u> |
|--|---|
| Total Fund Balances | \$ 2,276,969 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation | 21,564,790 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above: | |
| Taxes and liens receivable | 164,096 |
| Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above: | |
| Bonds payable | (1,077,178) |
| Capital lease payable | <u>(18,047)</u> |
| Net position of governmental activities | <u><u>\$ 22,910,630</u></u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property taxes | \$ 4,561,069 | \$ - | \$ 4,561,069 |
| Excise taxes | 517,929 | - | 517,929 |
| Intergovernmental revenues | 287,250 | - | 287,250 |
| Charges for services | 253,230 | - | 253,230 |
| Miscellaneous revenues | 77,666 | 38,431 | 116,097 |
| TOTAL REVENUES | <u>5,697,144</u> | <u>38,431</u> | <u>5,735,575</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 442,218 | - | 442,218 |
| Boards and commissions | 3,014 | - | 3,014 |
| Town buildings | 27,658 | - | 27,658 |
| Community services | 64,156 | - | 64,156 |
| Recreation, parks and activities | 16,388 | - | 16,388 |
| Protection | 154,911 | - | 154,911 |
| Cemeteries | 30,916 | - | 30,916 |
| Roads and drainage | 551,612 | - | 551,612 |
| Solid waste | 262,936 | - | 262,936 |
| Education | 3,442,351 | - | 3,442,351 |
| Regional assessments | 306,973 | - | 306,973 |
| Unclassified | 49,413 | 4,957 | 54,370 |
| Debt service: | | | |
| Principal | 247,724 | - | 247,724 |
| Interest | 33,003 | - | 33,003 |
| Capital outlay | 459,867 | - | 459,867 |
| TOTAL EXPENDITURES | <u>6,093,140</u> | <u>4,957</u> | <u>6,098,097</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(395,996)</u> | <u>33,474</u> | <u>(362,522)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond proceeds | 364,000 | - | 364,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>364,000</u> | <u>-</u> | <u>364,000</u> |
| NET CHANGE IN FUND BALANCES | (31,996) | 33,474 | 1,478 |
| FUND BALANCES - JULY 1 | <u>2,039,808</u> | <u>235,683</u> | <u>2,275,491</u> |
| FUND BALANCES - JUNE 30 | <u>\$ 2,007,812</u> | <u>\$ 269,157</u> | <u>\$ 2,276,969</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| | |
|--|-----------------|
| Net change in fund balances - total governmental funds (Statement E) | <u>\$ 1,478</u> |
|--|-----------------|

Amounts reported for governmental activities in the Statement of Activities
(Statement B) are different because:

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense allocated to those expenditures over
the life of the assets:

| | |
|----------------------------|------------------|
| Capital asset acquisitions | 636,930 |
| Depreciation expense | <u>(580,183)</u> |
| | <u>56,747</u> |

| | |
|---|----------------|
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position | <u>265,381</u> |
|---|----------------|

| | |
|---|------------------|
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position | <u>(364,000)</u> |
|---|------------------|

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds:

| | |
|----------------------------|-----------------|
| Taxes and liens receivable | <u>(33,750)</u> |
|----------------------------|-----------------|

| | |
|---|---------------------------|
| Change in net position of governmental activities (Statement B) | <u><u>\$ (74,144)</u></u> |
|---|---------------------------|

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Readfield was incorporated under the laws of the State of Maine. The Town operates under Town selectmen-manager form of government and provides the following services: general government, community services, recreation parkss and activities, protection, cemeteries, roads and drainage, solid waste, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined that this Statement is not applicable.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "Tax Abatement Disclosures". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined that this Statement is not material to the financial statements.

Statement No. 80, "Blending Requirements for Certain Component Units". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "Irrevocable Split-Interest Agreements". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not applicable.

Statement No. 82, "Pension Issues". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not applicable.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, protection, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Select Board was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Readfield has a formal investment policy that follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$8,006 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

| | |
|-------------------------|----------------|
| Buildings | 20 - 50 years |
| Infrastructure | 50 - 100 years |
| Machinery and equipment | 3 - 50 years |
| Vehicles | 3 - 25 years |

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds and a capital lease payable and accrued compensated absences.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$25,248.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Select Board.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 2, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due in two installments on September 30, 2016 and February 28, 2017. Interest on unpaid taxes commenced on October 1, 2016 and March 1, 2017, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$15,617 for the year ended June 30, 2017.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2017, the Town's cash and cash equivalents amounting to \$1,758,755 were comprised of bank deposits of \$1,786,113. Of these deposits \$1,683,023 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk, \$26 was insured by the NCUSIF and consequently was not exposed to custodial credit risk, \$70,568 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining deposits of \$32,496 were uncollateralized and uninsured.

| <u>Account Type</u> | <u>Bank Balance</u> |
|-----------------------|-------------------------|
| Checking accounts | \$ 50,297 |
| Sweep accounts | 1,362,255 |
| Savings accounts | 20,497 |
| Money market accounts | 352,903 |
| Cash equivalents | 161 |
| | <u>\$ 1,786,113</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. In accordance with state statutes, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$317,036 were covered by the SIPC or the FDIC. \$165,835 of investments in open-ended mutual funds are not exposed to custodial credit risk because their underlying securities do not exist in physical or book-entry form.

At June 30, 2017, the Town had the following investments and maturities:

| Investment Type | Fair Value | N/A | < 1 Year | 1 - 5 Years |
|-------------------------|-------------------|-------------------|-------------------|-------------|
| Debt securities: | | | | |
| Municipal bonds | \$ 10,038 | \$ - | \$ 10,038 | \$ - |
| Equity securities: | | | | |
| Mutual funds-closed end | 17,654 | 17,654 | - | - |
| Mutual funds-open end | 165,835 | 165,835 | - | - |
| Certificates of deposit | 123,509 | - | 123,509 | - |
| | <u>\$ 317,036</u> | <u>\$ 183,489</u> | <u>\$ 133,547</u> | <u>\$ -</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2017:

| | June 30, 2017 Total | Fair Value Measurements Using | | |
|--|------------------------|--|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level I) | Significant Other Observable Inputs (Level II) | Significant Unobservable Inputs (Level III) |
| <u>Investments by fair value level</u> | | | | |
| Debt securities: | | | | |
| Municipal bonds | \$ 10,038 | \$ - | \$ 10,038 | \$ - |
| Total debt securities | <u>10,038</u> | <u>-</u> | <u>10,038</u> | <u>-</u> |
| Equity securities: | | | | |
| Mutual funds-closed end | 17,654 | 17,654 | - | - |
| Mutual funds-open end | <u>165,835</u> | <u>165,835</u> | <u>-</u> | <u>-</u> |
| Total equity securities | <u>183,489</u> | <u>183,489</u> | <u>-</u> | <u>-</u> |
| Total investments by fair value level | <u>\$ 193,527</u> | <u>\$ 183,489</u> | <u>\$ 10,038</u> | <u>\$ -</u> |

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. Certificates of deposit held with local financial institutions for \$123,509 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

growth and income. As of June 30, 2017, the Town's investment in a municipal bond was rated A+ (\$10,038) by Standard & Poor's Rating Service.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

| | Receivables (Due from) | Payables (Due to) |
|--------------------------------|---------------------------|----------------------|
| General fund | \$ 1,191 | \$ 6,253 |
| Nonmajor special revenue funds | 4,767 | - |
| Nonmajor permanent funds | 1,486 | 1,191 |
| | <u>\$ 7,444</u> | <u>\$ 7,444</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

| | Balance, 7/1/16 | Additions | Disposals | Balance, 6/30/17 |
|----------------------------------|----------------------|------------------|-------------|----------------------|
| <u>Governmental activities</u> | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 2,865,844 | \$ - | \$ - | \$ 2,865,844 |
| | <u>2,865,844</u> | <u>-</u> | <u>-</u> | <u>2,865,844</u> |
| Depreciated assets: | | | | |
| Buildings and improvements | 807,841 | - | - | 807,841 |
| Land improvements | 213,952 | - | - | 213,952 |
| Machinery and equipment | 213,831 | 32,978 | - | 246,809 |
| Vehicles | 809,328 | 426,252 | - | 1,235,580 |
| Infrastructure | 24,793,611 | 177,700 | - | 24,971,311 |
| | <u>26,838,563</u> | <u>636,930</u> | <u>-</u> | <u>27,475,493</u> |
| Less: accumulated depreciation | <u>(8,196,364)</u> | <u>(580,183)</u> | <u>-</u> | <u>(8,776,547)</u> |
| | <u>18,642,199</u> | <u>56,747</u> | <u>-</u> | <u>18,698,946</u> |
| Net capital assets | <u>\$ 21,508,043</u> | <u>\$ 56,747</u> | <u>\$ -</u> | <u>\$ 21,564,790</u> |
| <u>Current year depreciation</u> | | | | |
| General government | | | | \$ 21,639 |
| Recreation, parks and activities | | | | 4,789 |
| Protection | | | | 22,128 |
| Roads and drainage | | | | 524,440 |
| Solid waste | | | | 7,187 |
| Total depreciation expense | | | | <u>\$ 580,183</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

| | Balance 7/1/16 | Additions | Deletions | Balance 6/30/17 | Current Year Portion |
|---------------------------------|---------------------|-------------------|---------------------|---------------------|-------------------------|
| Bonds payable | \$ 960,902 | \$ 364,000 | \$ (247,724) | \$ 1,077,178 | \$ 301,903 |
| Capital lease payable | 35,704 | - | (17,657) | 18,047 | 18,047 |
| Accrued compensated absences | 28,140 | - | (2,892) | 25,248 | 25,248 |
| Total | <u>\$ 1,024,746</u> | <u>\$ 364,000</u> | <u>\$ (268,273)</u> | <u>\$ 1,120,473</u> | <u>\$ 345,198</u> |

The following is a summary of bonds outstanding as of June 30, 2017:

| | |
|--|---------------------|
| \$1,500,000, 2008 General Obligation Bond due in annual principal installments of \$150,000 through August of 2018. Interest is charged at a rate of 4.11% per annum. | \$ 300,000 |
| \$700,000, 2013 General Obligation Bond due in annual principal and interest installments of \$109,117 through July of 2020. Interest is charged at a rate of 2.23% per annum. | 413,178 |
| \$364,000, 2017 General Obligation Bond due in annual principal and interest installments of \$109,117 through July of 2020. Interest is charged at a rate of 2.23% per annum. | <u>364,000</u> |
| Total bonds payable | <u>\$ 1,077,178</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|------------------|---------------------|
| 2018 | \$ 301,903 | \$ 32,616 | \$ 277,663 |
| 2019 | 304,131 | 23,554 | 271,447 |
| 2020 | 156,408 | 8,291 | 109,117 |
| 2021 | 158,736 | 5,264 | 109,116 |
| 2022 | 52,000 | 2,132 | 109,116 |
| 2023-2027 | 104,000 | 1,776 | 105,776 |
| | <u>\$ 1,077,178</u> | <u>\$ 73,633</u> | <u>\$ 1,150,811</u> |

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. The General Fund of the Town is used to pay for all long-term debt.

The following is a summary of the capital lease payable as of June 30, 2017:

\$54,150 2016 Capital Lease payable to Androscoggin Bank for a Public Works Truck, due in annual principal and interest installments of \$18,446 through May of 2018. Interest is charged at a rate of 2.21% per annum. \$ 18,047

The future annual payments for the capital lease for the years ending June 30 are as follows:

| | |
|--|------------------|
| 2018 | <u>\$ 18,446</u> |
| Total minimum lease payments | 18,446 |
| Less: Amount representing interest | (399) |
| Present value of future minimum lease payments | <u>\$ 18,047</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2017, the Town had the following nonspendable fund balances

General fund:

| | |
|---------------------------------------|-------------------|
| Tax acquired property | \$ 4,526 |
| Nonmajor permanent funds (Schedule F) | <u>127,808</u> |
| | <u>\$ 132,334</u> |

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town had the following restricted fund balances:

| | |
|---------------------------------------|-------------------|
| Nonmajor permanent funds (Schedule F) | <u>\$ 136,582</u> |
|---------------------------------------|-------------------|

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2017, the Town had the following committed fund balances:

| | Balance 7/1/16 | Appropriation | Applied Receipts | Actual Expenditures | Counted Rev Reduction | Use of CF to Reduce Budget | Balance 6/30/17 |
|---------------------------|-------------------|---------------------|---------------------|------------------------|--------------------------|----------------------------------|--------------------|
| Admin Technology | \$ 3,730 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,730 |
| Age Friendly | - | - | 6,000 | 5,159 | - | - | 841 |
| Backhoe | 26,168 | 4,600 | 5,676 | 6,184 | - | - | 30,260 |
| Ballfield Fairgrounds | 2,762 | 7,200 | 7 | - | - | 7,200 | 2,769 |
| Beach | 11,683 | 9,130 | 6,145 | 7,451 | 9,130 | - | 10,377 |
| Cemeteries | 3,294 | 31,906 | 231 | 30,916 | - | - | 4,515 |
| Cemetery - Living Fence | 14 | - | - | - | - | - | 14 |
| Cemetery Capital | 12,900 | - | - | - | - | - | 12,900 |
| Dispatching | 6,761 | - | - | 1,237 | - | - | 5,524 |
| Enterprise Fund | 26,343 | 10,000 | 27,556 | - | 10,000 | - | 53,899 |
| FD Annual Physicals | 4,667 | 125 | - | - | - | - | 4,792 |
| FD Emerg Comm | 2,348 | - | - | 2,348 | - | - | - |
| Fire Dept Equip | 71,353 | 82,025 | 8,547 | 82,356 | 5,580 | 30,000 | 43,989 |
| Fire PPG Replacement | 3,825 | 2,000 | - | 1,841 | - | - | 3,984 |
| Fire Tower sites | 15,094 | 2,000 | 7,600 | 18,050 | - | - | 6,644 |
| Fire Station Addition | 35,522 | - | - | - | - | - | 35,522 |
| Fire Station Improvements | 9,205 | - | - | - | - | - | 9,205 |
| Forestry | 697 | - | - | - | - | - | 697 |
| Gile Hall | 24,836 | - | - | - | - | - | 24,836 |
| Grant Writing | 4,941 | 6,500 | 2,736 | 7,385 | - | - | 6,792 |
| Heating Assistance | 941 | 1,500 | 1,300 | - | 1,500 | - | 2,241 |
| Heritage Days | 1,170 | 5,000 | 650 | 102 | - | - | 6,718 |
| Library Operations | 6,668 | 26,956 | 6,016 | 29,389 | 2,075 | - | 8,176 |
| Library Building Imp | 1,123 | - | - | - | - | - | 1,123 |
| Maranacook Dam | 28,475 | 64,975 | - | 19,315 | - | 28,475 | 45,660 |
| Millstream Bridge | 369 | - | - | - | - | - | 369 |
| Mill Stream Dam | 2,721 | - | 3,500 | - | - | - | 6,221 |
| Open Space | 6,815 | - | - | - | - | - | 6,815 |
| Capital Equipment | 16,139 | 7,956 | - | 4,095 | - | - | 20,000 |
| Recreation | 25,414 | 10,071 | 8,680 | 6,125 | 10,071 | - | 27,969 |
| Revaluation | 70,000 | 5,000 | - | - | - | - | 75,000 |
| Road/Bridge Bond | 5,830 | - | - | - | - | - | 5,830 |
| Road Bond 13-14 | 454 | - | - | - | - | - | 454 |
| Snowmobiling | 1,492 | 1,489 | 940 | 1,489 | 1,489 | - | 943 |
| Summer Roads/Regional | 151,623 | 630,085 | 44,255 | 551,612 | 41,435 | 99,600 | 133,316 |
| Conservation Land | 28,771 | 2,245 | 3 | 929 | - | 1,745 | 28,345 |
| Town Boundaries | 3,760 | - | - | 3,760 | - | - | - |
| Trails | 297 | 2,467 | 50 | 2,709 | - | - | 105 |
| TS Operations | 65,701 | 145,708 | 22,611 | 128,377 | 37,600 | 60,000 | 8,043 |
| TS Capital | 11,316 | 60,000 | - | 6,934 | - | - | 64,382 |
| Water Holes (Fund 5) | 4,737 | 500 | - | 1,455 | - | - | 3,782 |
| | <u>\$ 699,959</u> | <u>\$ 1,119,438</u> | <u>\$ 152,503</u> | <u>\$ 919,218</u> | <u>\$ 118,880</u> | <u>\$ 227,020</u> | <u>\$ 706,782</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town had the following assigned fund balances:

| | |
|---|-------------------|
| General fund: | |
| FY 2018 budget | \$ 125,000 |
| Nonmajor special revenue funds (Schedule D) | 4,767 |
| | <u>\$ 129,767</u> |

NOTE 10 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Readfield. A brief description of the joint venture, FirstPark, follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Readfield.

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2017, the Town of Readfield contributed \$24,880. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain outside agency's debt. As of June 30, 2017, the County of Kennebec did not have any debt. The Town's share of school debt was as follows:

| | <u>Outstanding Debt</u> | <u>Town's Percentage</u> | <u>Total Share</u> |
|---------|-----------------------------|------------------------------|------------------------|
| RSU #38 | \$ 2,342,848 | 28.28% | <u>\$ 662,501</u> |

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met; the current total property value is \$2,788,597. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT (CONTINUED)

sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of Jun 30, 2017. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION -
RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFERRED COMPENSATION PLAN (CONTINUED)

to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries. Employees may opt to use a different plan with similar terms.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Select Board. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 10.00% of an employee's annual salary. For the Town's non-professional employees, the Town will contribute an amount equal to 5%, 8%, or 10% of their annual salary depending on years of service. Employees may contribute additional amounts of their own choosing.

The Town's contributions to the plan for 2017, 2016 and 2015, were \$10,840, \$17,603, and \$19,091, respectively.

NOTE 14 - OVERSPENT APPROPRIATIONS

At June 30, 2017, the Town had the following overspent appropriations which were approved in the subsequent Town meeting:

| | |
|-----------------------------|------------------|
| Code enforcement | \$ 1,651 |
| Grant writing | 885 |
| Apeals board | 12 |
| Fire station | 838 |
| Library | 2,433 |
| Trails | 242 |
| Fire department - equipment | 14,410 |
| Ambulance | 1,082 |
| Water holes | 955 |
| Tower site | 16,050 |
| Fire department - equipment | 14,410 |
| Vehicle maintenance | 3,931 |
| Backhoe | 1,583 |
| Abatements / overlay | 26,187 |
| | <u>\$ 84,669</u> |

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 16 - RESTATEMENT

In 2017, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, a restatement to the 2016 government-wide and fund financial statements was required. The beginning net position was restated by \$18,446 to add an additional capital asset of \$54,150 and to add a capital lease payable of \$35,704 to the long-term debt for the 2016 fiscal year. The resulting restatements increased net position from \$22,966,328 to \$22,984,774.

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

TOWN OF READFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|--------------|--------------|------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| Budgetary Fund Balance, July 1 | \$ 2,039,808 | \$ 2,039,808 | \$ 2,039,808 | \$ - |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Property Taxes | 4,496,638 | 4,496,638 | 4,534,583 | 37,945 |
| Excise Taxes | 467,500 | 467,500 | 517,929 | 50,429 |
| Interest on Taxes | 18,000 | 18,000 | 26,486 | 8,486 |
| Total Taxes | 4,982,138 | 4,982,138 | 5,078,998 | 96,860 |
| Intergovernmental Revenues: | | | | |
| State Revenue Sharing | 110,000 | 110,000 | 135,204 | 25,204 |
| Homestead Exemption | 107,970 | 107,970 | 94,647 | (13,323) |
| Local Road Assistance | 35,000 | 35,000 | 35,360 | 360 |
| Other | 25,892 | 25,892 | 22,039 | (3,853) |
| Total Intergovernmental Revenues | 278,862 | 278,862 | 287,250 | 8,388 |
| Licenses, Permits and Fees | 26,150 | 26,150 | 37,959 | 11,809 |
| Charges for Services: | | | | |
| Library | 2,075 | 2,075 | 6,017 | 3,942 |
| Recreation | 19,201 | 19,201 | 15,525 | (3,676) |
| Regional Assessments | 6,435 | 6,435 | 8,895 | 2,460 |
| Transfer Station | 183,308 | 183,308 | 184,834 | 1,526 |
| Total Charges for Services | 211,019 | 211,019 | 215,271 | 4,252 |
| Investment Income | 2,500 | 2,500 | 4,929 | 2,429 |
| Miscellaneous Revenues: | | | | |
| Cable TV Franchise Fees | 26,000 | 26,000 | 27,480 | 1,480 |
| First Park | 10,000 | 10,000 | 11,084 | 1,084 |
| Cemeteries | - | - | 231 | 231 |
| Protection | 5,580 | 5,580 | 16,147 | 10,567 |
| Enterprise Fund | 10,000 | 10,000 | 5,000 | (5,000) |
| Conservation | - | - | 4,059 | 4,059 |
| Grants / Planning | - | - | 2,736 | 2,736 |
| Age Friendly | - | 6,000 | 6,000 | - |
| Total Miscellaneous Revenues | 51,580 | 57,580 | 72,737 | 15,157 |
| Amounts Available for Appropriation | 7,592,057 | 7,598,057 | 7,736,952 | 138,895 |

SCHEDULE 1 (CONTINUED)

TOWN OF READFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| Charges to Appropriations (Outflows): | | | | |
| General Government | 473,471 | 473,471 | 442,218 | 31,253 |
| Boards and Commissions | 5,360 | 5,360 | 3,014 | 2,346 |
| Town Buildings | 34,674 | 34,674 | 27,658 | 7,016 |
| Community Services | 59,621 | 65,621 | 64,156 | 1,465 |
| Recreation, Parks and Activities | 26,668 | 26,668 | 16,388 | 10,280 |
| Protection | 137,690 | 137,690 | 154,911 | (17,221) |
| Cemeteries | 31,906 | 31,906 | 30,916 | 990 |
| Roads and Drainage | 630,085 | 630,085 | 551,612 | 78,473 |
| Solid Waste | 296,016 | 296,016 | 262,936 | 33,080 |
| Education | 3,442,351 | 3,442,351 | 3,442,351 | - |
| Regional Assessments | 316,346 | 316,346 | 306,973 | 9,373 |
| Unclassified | 68,648 | 68,648 | 49,413 | 19,235 |
| Debt Service: | | | | |
| Principal | 313,299 | 247,776 | 247,724 | 52 |
| Interest | 33,003 | 33,003 | 33,003 | - |
| Capital Outlay | 504,131 | 569,654 | 459,867 | 109,787 |
| Total Charges to Appropriations | <u>6,373,269</u> | <u>6,379,269</u> | <u>6,093,140</u> | <u>286,129</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 1,218,788</u> | <u>\$ 1,218,788</u> | <u>\$ 1,643,812</u> | <u>\$ 425,024</u> |
| Utilization of Unassigned Fund Balance | \$ 230,000 | \$ 230,000 | \$ - | \$ (230,000) |
| Utilization of Committed Fund Balance | 227,020 | 227,020 | - | (227,020) |
| | <u>\$ 457,020</u> | <u>\$ 457,020</u> | <u>\$ -</u> | <u>\$ (457,020)</u> |

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function
- Schedule of Valuation, Assessment and Collection of Taxes

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------------|-----------------|----------------|---------------------------------|
| General Government - | | | | | |
| Administration | \$ 299,202 | \$ - | \$ 299,202 | \$ 286,304 | \$ 12,898 |
| Insurance | 38,606 | - | 38,606 | 23,401 | 15,205 |
| Office equipment | 3,650 | - | 3,650 | 3,224 | 426 |
| Assessing | 22,000 | - | 22,000 | 20,503 | 1,497 |
| Code enforcement | 29,472 | - | 29,472 | 31,123 | (1,651) |
| Municipal maintenance | 72,541 | - | 72,541 | 70,278 | 2,263 |
| Grant writing | 6,500 | - | 6,500 | 7,385 | (885) |
| Heating assistance | 1,500 | - | 1,500 | - | 1,500 |
| | <u>473,471</u> | <u>-</u> | <u>473,471</u> | <u>442,218</u> | <u>31,253</u> |
| Boards and Commissions - | | | | | |
| Appeals Board | 410 | - | 410 | 422 | (12) |
| Conservation Commission | 2,245 | - | 2,245 | 930 | 1,315 |
| Planning Board | 2,705 | - | 2,705 | 1,662 | 1,043 |
| | <u>5,360</u> | <u>-</u> | <u>5,360</u> | <u>3,014</u> | <u>2,346</u> |
| Town Buildings - | | | | | |
| Fire station | 9,800 | - | 9,800 | 10,638 | (838) |
| Gile Hall | 18,042 | - | 18,042 | 11,928 | 6,114 |
| Library | 5,332 | - | 5,332 | 3,627 | 1,705 |
| Maintenance building | 1,500 | - | 1,500 | 1,465 | 35 |
| | <u>34,674</u> | <u>-</u> | <u>34,674</u> | <u>27,658</u> | <u>7,016</u> |
| Community Services - | | | | | |
| Animal control | 13,905 | - | 13,905 | 12,938 | 967 |
| Kennebec Land Trust | 250 | - | 250 | 250 | - |
| Kennebec Valley Council of Governments | 4,325 | - | 4,325 | 4,325 | - |
| Age Friendly | - | 6,000 | 6,000 | 5,159 | 841 |
| Library | 26,956 | - | 26,956 | 29,389 | (2,433) |
| Readfield TV | 7,435 | - | 7,435 | 6,309 | 1,126 |
| Street lights | 6,500 | - | 6,500 | 5,786 | 714 |
| Maranacook Lake Dam | 250 | - | 250 | - | 250 |
| | <u>59,621</u> | <u>6,000</u> | <u>65,621</u> | <u>64,156</u> | <u>1,465</u> |

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|-----------------------|-----------------|----------------|---------------------------------|
| Recreation, Parks and Activities - | | | | | |
| Beach | 9,130 | - | 9,130 | 7,451 | 1,679 |
| Recreation | 10,071 | - | 10,071 | 6,125 | 3,946 |
| Heritage Days | 5,000 | - | 5,000 | 103 | 4,897 |
| Trails | 2,467 | - | 2,467 | 2,709 | (242) |
| | <u>26,668</u> | <u>-</u> | <u>26,668</u> | <u>16,388</u> | <u>10,280</u> |
| Protection - | | | | | |
| Fire department - operations | 74,025 | - | 74,025 | 62,294 | 11,731 |
| Fire department - equipment | 8,000 | - | 8,000 | 22,410 | (14,410) |
| Ambulance | 22,300 | - | 22,300 | 23,382 | (1,082) |
| Water holes | 500 | - | 500 | 1,455 | (955) |
| Tower site | 2,000 | - | 2,000 | 18,050 | (16,050) |
| Dispatching | 28,740 | - | 28,740 | 25,479 | 3,261 |
| Annual physicals | 125 | - | 125 | - | 125 |
| Personal protection gear | 2,000 | - | 2,000 | 1,841 | 159 |
| | <u>137,690</u> | <u>-</u> | <u>137,690</u> | <u>154,911</u> | <u>(17,221)</u> |
| Cemeteries - | | | | | |
| Cemeteries | 31,906 | - | 31,906 | 30,916 | 990 |
| | <u>31,906</u> | <u>-</u> | <u>31,906</u> | <u>30,916</u> | <u>990</u> |
| Roads and Drainage - | | | | | |
| Summer roads | 331,050 | - | 331,050 | 264,486 | 66,564 |
| Winter maintenance | 261,100 | - | 261,100 | 250,124 | 10,976 |
| Vehicle maintenance | 31,500 | - | 31,500 | 35,431 | (3,931) |
| Interlocal | 6,435 | - | 6,435 | 1,571 | 4,864 |
| | <u>630,085</u> | <u>-</u> | <u>630,085</u> | <u>551,612</u> | <u>78,473</u> |

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------|--------------------|-----------------------|------------------|------------------|---------------------------------|
| Capital Outlay - | | | | | |
| Ballfield fairgrounds | 7,200 | - | 7,200 | - | 7,200 |
| Equipment | 7,956 | - | 7,956 | 4,095 | 3,861 |
| Transfer station | 60,000 | - | 60,000 | 6,934 | 53,066 |
| Maranacook Dam | 64,975 | - | 64,975 | 19,315 | 45,660 |
| Fire truck purchase | 364,000 | 65,523 | 429,523 | 429,523 | - |
| | <u>504,131</u> | <u>65,523</u> | <u>569,654</u> | <u>459,867</u> | <u>109,787</u> |
| Solid Waste - | | | | | |
| Transfer station | 291,416 | - | 291,416 | 256,753 | 34,663 |
| Backhoe | 4,600 | - | 4,600 | 6,183 | (1,583) |
| | <u>296,016</u> | <u>-</u> | <u>296,016</u> | <u>262,936</u> | <u>33,080</u> |
| Education - | | | | | |
| RSU #38 | 3,442,351 | - | 3,442,351 | 3,442,351 | - |
| | <u>3,442,351</u> | <u>-</u> | <u>3,442,351</u> | <u>3,442,351</u> | <u>-</u> |

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------------------|
| Regional Assessments - | | | | | |
| Cobbossee Watershed District | 20,816 | - | 20,816 | 20,812 | 4 |
| Kennebec County tax | 270,400 | - | 270,400 | 261,281 | 9,119 |
| First Park | 25,130 | - | 25,130 | 24,880 | 250 |
| | <u>316,346</u> | <u>-</u> | <u>316,346</u> | <u>306,973</u> | <u>9,373</u> |
| Debt Service - | | | | | |
| Principal | 313,299 | (65,523) | 247,776 | 247,724 | 52 |
| Interest | 33,003 | - | 33,003 | 33,003 | - |
| | <u>346,302</u> | <u>(65,523)</u> | <u>280,779</u> | <u>280,727</u> | <u>52</u> |
| Unclassified - | | | | | |
| Abatements/overlay | 15,617 | - | 15,617 | 41,804 | (26,187) |
| Non-profits | 6,832 | - | 6,832 | 5,832 | 1,000 |
| Contingency | 25,000 | - | 25,000 | - | 25,000 |
| Snowmobiling | 1,489 | - | 1,489 | 1,489 | - |
| Readfield enterprise fund | 10,000 | - | 10,000 | - | 10,000 |
| Revaluation | 5,000 | - | 5,000 | - | 5,000 |
| General assistance | 4,710 | - | 4,710 | 288 | 4,422 |
| | <u>68,648</u> | <u>-</u> | <u>68,648</u> | <u>49,413</u> | <u>19,235</u> |
| TOTAL DEPARTMENTAL OPERATIONS | <u>\$ 6,373,269</u> | <u>\$ 6,000</u> | <u>\$ 6,379,269</u> | <u>\$ 6,093,140</u> | <u>\$ 286,129</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

| | Special Revenue Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 70,568 | \$ 70,568 |
| Investments | - | 193,527 | 193,527 |
| Due from other funds | 4,767 | 1,486 | 6,253 |
| TOTAL ASSETS | <u>\$ 4,767</u> | <u>\$ 265,581</u> | <u>\$ 270,348</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Due to other funds | - | 1,191 | 1,191 |
| TOTAL LIABILITIES | <u>-</u> | <u>1,191</u> | <u>1,191</u> |
| FUND BALANCES | | | |
| Nonspendable - principal | - | 127,808 | 127,808 |
| Restricted | - | 136,582 | 136,582 |
| Committed | - | - | - |
| Assigned | 4,767 | - | 4,767 |
| Unassigned | - | - | - |
| TOTAL FUND BALANCES | <u>4,767</u> | <u>264,390</u> | <u>269,157</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 4,767</u> | <u>\$ 265,581</u> | <u>\$ 270,348</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Special Revenue Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Investment income, net of unrealized gains/(losses) | \$ - | \$ 30,720 | \$ 30,720 |
| Other | - | 7,711 | 7,711 |
| TOTAL REVENUES | <u>-</u> | <u>38,431</u> | <u>38,431</u> |
| EXPENDITURES | | | |
| Investment expenses | - | 4,930 | 4,930 |
| Other | - | 27 | 27 |
| TOTAL EXPENDITURES | <u>-</u> | <u>4,957</u> | <u>4,957</u> |
| NET CHANGE IN FUND BALANCES | - | 33,474 | 33,474 |
| FUND BALANCES - JULY 1 | <u>4,767</u> | <u>230,916</u> | <u>235,683</u> |
| FUND BALANCES - JUNE 30 | <u>\$ 4,767</u> | <u>\$ 264,390</u> | <u>\$ 269,157</u> |

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | Town Boundary Lines | Readfield Corner Sewage | Beach Tractor Replacement | Beach Equipment | Total |
|--|---------------------------|-------------------------------|---------------------------------|--------------------|-----------------|
| ASSETS | | | | | |
| Due from other funds | \$ 656 | \$ 1,705 | \$ 2,400 | \$ 6 | \$ 4,767 |
| TOTAL ASSETS | <u>\$ 656</u> | <u>\$ 1,705</u> | <u>\$ 2,400</u> | <u>\$ 6</u> | <u>\$ 4,767</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | 656 | 1,705 | 2,400 | 6 | 4,767 |
| Unassigned | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>656</u> | <u>1,705</u> | <u>2,400</u> | <u>6</u> | <u>4,767</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 656</u> | <u>\$ 1,705</u> | <u>\$ 2,400</u> | <u>\$ 6</u> | <u>\$ 4,767</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

| | Town Boundary Lines | Readfield Corner Sewage | Beach Tractor Replacement | Beach Equipment | Total |
|-----------------------------|---------------------------|-------------------------------|---------------------------------|--------------------|----------|
| REVENUES | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL REVENUES | - | - | - | - | - |
| EXPENDITURES | | | | | |
| Other | - | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | - | - | - | - | - |
| FUND BALANCES - JULY 1 | 656 | 1,705 | 2,400 | 6 | 4,767 |
| FUND BALANCES - JUNE 30 | \$ 656 | \$ 1,705 | \$ 2,400 | \$ 6 | \$ 4,767 |

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Readfield, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

| | Cemetery Funds | | | | | | |
|-------------------------------------|-------------------|-----------------|------------------|-------------------------|---------------|-----------------|-----------------|
| | Cemetery Fund | Whittier Fund | Kents Hill Fund | Cemetery Expansion Fund | Kesner Fund | Kolreg Fund | Lincoln Fund |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 35,857 | \$ 868 | \$ 4,791 | \$ 4,792 | \$ 232 | \$ 656 | \$ 621 |
| Investments | 98,330 | 2,381 | 13,141 | 13,140 | 639 | 1,800 | 1,703 |
| Due from other funds | - | 605 | - | 638 | - | - | 13 |
| TOTAL ASSETS | <u>\$ 134,187</u> | <u>\$ 3,854</u> | <u>\$ 17,932</u> | <u>\$ 18,570</u> | <u>\$ 871</u> | <u>\$ 2,456</u> | <u>\$ 2,337</u> |
| LIABILITIES | | | | | | | |
| Due to other funds | \$ 1,037 | \$ - | \$ - | \$ - | \$ 28 | \$ 49 | \$ - |
| TOTAL LIABILITIES | <u>1,037</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>28</u> | <u>49</u> | <u>-</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable - principal | 79,350 | 500 | 4,910 | - | 300 | 500 | 500 |
| Restricted | 53,800 | 3,354 | 13,022 | 18,570 | 543 | 1,907 | 1,837 |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>133,150</u> | <u>3,854</u> | <u>17,932</u> | <u>18,570</u> | <u>843</u> | <u>2,407</u> | <u>2,337</u> |
| TOTAL LIABILITIES AND FUND BALANCES | | | | | | | |
| BALANCES | <u>\$ 134,187</u> | <u>\$ 3,854</u> | <u>\$ 17,932</u> | <u>\$ 18,570</u> | <u>\$ 871</u> | <u>\$ 2,456</u> | <u>\$ 2,337</u> |

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

| | Cemetery Funds | | | | Beach | | Governor | |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|------------------|--------------|-----------------|-------------------|
| | Walker | Townsend | Couture | War | Improvement | Trails | Huntoon | Total |
| | Fund | Fund | Fund | Memorial | Fund | Fund | Fund | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 658 | \$ 769 | \$ 9,117 | \$ 959 | \$ 9,830 | \$ - | \$ 1,418 | \$ 70,568 |
| Investments | 1,800 | 2,109 | 25,004 | 2,632 | 26,958 | - | 3,890 | 193,527 |
| Due from other funds | - | - | 2 | - | - | 25 | 203 | 1,486 |
| TOTAL ASSETS | <u>\$ 2,458</u> | <u>\$ 2,878</u> | <u>\$ 34,123</u> | <u>\$ 3,591</u> | <u>\$ 36,788</u> | <u>\$ 25</u> | <u>\$ 5,511</u> | <u>\$ 265,581</u> |
| LIABILITIES | | | | | | | | |
| Due to other funds | \$ 57 | \$ 2 | \$ - | \$ 11 | \$ 7 | \$ - | \$ - | \$ 1,191 |
| TOTAL LIABILITIES | <u>57</u> | <u>2</u> | <u>-</u> | <u>11</u> | <u>7</u> | <u>-</u> | <u>-</u> | <u>1,191</u> |
| FUND BALANCES | | | | | | | | |
| Nonspendable - principal | 600 | 1,738 | 20,000 | 2,157 | 16,915 | - | 338 | 127,808 |
| Restricted | 1,801 | 1,138 | 14,123 | 1,423 | 19,866 | 25 | 5,173 | 136,582 |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>2,401</u> | <u>2,876</u> | <u>34,123</u> | <u>3,580</u> | <u>36,781</u> | <u>25</u> | <u>5,511</u> | <u>264,390</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,458</u> | <u>\$ 2,878</u> | <u>\$ 34,123</u> | <u>\$ 3,591</u> | <u>\$ 36,788</u> | <u>\$ 25</u> | <u>\$ 5,511</u> | <u>\$ 265,581</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

| | Cemetery Funds | | | | | | |
|---|----------------|---------------|-----------------|-------------------------|-------------|-------------|--------------|
| | Cemetery Fund | Whittier Fund | Kents Hill Fund | Cemetery Expansion Fund | Kesner Fund | Kolreg Fund | Lincoln Fund |
| REVENUES | | | | | | | |
| Investment income, net of unrealized gains/(losses) | \$ 17,558 | \$ 401 | \$ 1,898 | \$ 1,815 | \$ 93 | \$ 261 | \$ 247 |
| Other | 300 | 600 | - | 1,300 | - | - | - |
| TOTAL REVENUES | 17,858 | 1,001 | 1,898 | 3,115 | 93 | 261 | 247 |
| EXPENDITURES | | | | | | | |
| Investment expenses | 2,219 | 666 | 306 | 283 | 15 | 42 | 39 |
| Other | - | - | - | - | - | 18 | - |
| TOTAL EXPENDITURES | 2,219 | 666 | 306 | 283 | 15 | 60 | 39 |
| NET CHANGE IN FUND BALANCES | 15,639 | 335 | 1,592 | 2,832 | 78 | 201 | 208 |
| FUND BALANCES - JULY 1 | 117,511 | 3,519 | 16,340 | 15,738 | 765 | 2,206 | 2,129 |
| FUND BALANCES - JUNE 30 | \$ 133,150 | \$ 3,854 | \$ 17,932 | \$ 18,570 | \$ 843 | \$ 2,407 | \$ 2,337 |

TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Cemetery Funds | | | | | | | |
|---|----------------|------------------|-----------------|-----------------|------------------------------|----------------|-----------------------------|------------|
| | Walker Fund | Townsend Fund | Couture Fund | War Memorial | Beach Improvement Fund | Trails Fund | Governor Huntoon Fund | Total |
| REVENUES | | | | | | | | |
| Investment income, net of unrealized gains/(losses) | \$ 259 | \$ 305 | \$ 3,612 | \$ 378 | \$ 3,893 | \$ - | \$ - | \$ 30,720 |
| Other income | - | - | - | - | - | - | 5,511 | 7,711 |
| TOTAL REVENUES | 259 | 305 | 3,612 | 378 | 3,893 | - | 5,511 | 38,431 |
| EXPENDITURES | | | | | | | | |
| Investment expenses | 41 | 49 | 582 | 61 | 627 | - | - | 4,930 |
| Other | 9 | - | - | - | - | - | - | 27 |
| TOTAL EXPENDITURES | 50 | 49 | 582 | 61 | 627 | - | - | 4,957 |
| NET CHANGE IN FUND BALANCES | 209 | 256 | 3,030 | 317 | 3,266 | - | 5,511 | 33,474 |
| FUND BALANCES - JULY 1 | 2,192 | 2,620 | 31,093 | 3,263 | 33,515 | 25 | - | 230,916 |
| FUND BALANCES - JUNE 30 | \$ 2,401 | \$ 2,876 | \$ 34,123 | \$ 3,580 | \$ 36,781 | \$ 25 | \$ 5,511 | \$ 264,390 |

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF READFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2017

| | Land and Non-depreciable Assets | Buildings, Building Improvements & Land Improvements | Furniture, Fixtures, Equipment & Vehicles | Infrastructure | Total |
|----------------------------------|---------------------------------------|--|--|----------------------|----------------------|
| General government | \$ - | \$ 449,995 | \$ - | \$ - | \$ 449,995 |
| Recreation, parks and activities | - | 226,260 | 9,615 | - | 235,875 |
| Protection | - | 124,429 | 1,060,186 | - | 1,184,615 |
| Roads and drainage | - | 69,337 | 320,182 | 24,971,311 | 25,360,830 |
| Solid waste | - | 151,772 | 92,406 | - | 244,178 |
| Town-wide | <u>2,865,844</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,865,844</u> |
| Total General Capital Assets | 2,865,844 | 1,021,793 | 1,482,389 | 24,971,311 | 30,341,337 |
| Less: Accumulated Depreciation | <u>-</u> | <u>(785,701)</u> | <u>(914,950)</u> | <u>(7,075,896)</u> | <u>(8,776,547)</u> |
| Net General Capital Assets | <u>\$ 2,865,844</u> | <u>\$ 236,092</u> | <u>\$ 567,439</u> | <u>\$ 17,895,415</u> | <u>\$ 21,564,790</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

| | General Capital Assets 7/1/16 | Additions | Disposals | General Capital Assets 6/30/17 |
|----------------------------------|--|------------------|-------------|---|
| General government | \$ 449,995 | \$ - | \$ - | \$ 449,995 |
| Recreation, parks and activities | 235,875 | - | - | 235,875 |
| Protection | 735,284 | 449,331 | - | 1,184,615 |
| Roads and drainage | 25,173,231 | 187,599 | - | 25,360,830 |
| Solid waste | 244,178 | - | - | 244,178 |
| Town-wide | 2,865,844 | - | - | 2,865,844 |
| Total General Capital Assets | 29,704,407 | 636,930 | - | 30,341,337 |
| Less: Accumulated Depreciation | (8,196,364) | (580,183) | - | (8,776,547) |
| Net General Capital Assets | <u>\$ 21,508,043</u> | <u>\$ 56,747</u> | <u>\$ -</u> | <u>\$ 21,564,790</u> |

See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

SCHEDULE OF VALUATION, ASSESSMENT AND COLLECTION OF TAXES
FOR THE YEAR ENDED JUNE 30, 2017

VALUATION:

| | |
|-------------------|------------------|
| Real Estate | \$ 235,212,854 |
| Personal Property | <u>2,327,434</u> |

| | |
|-----------------|------------------------------|
| TOTAL VALUATION | <u><u>\$ 237,540,288</u></u> |
|-----------------|------------------------------|

ASSESSMENT:

| | |
|---|--------------|
| Valuation x Rate - \$237,540,288 x .01893 | \$ 4,496,638 |
| Supplemental Taxes | <u>4,195</u> |

| | |
|---------------------------------------|-----------|
| TOTAL ASSESSMENT CHARGED TO COLLECTOR | 4,500,833 |
|---------------------------------------|-----------|

COLLECTION AND CREDITS:

| | |
|---|---------------|
| Cash Collections (91.94% of assessment) | 4,137,841 |
| Tax Abatements (0.93% of assessment) | <u>41,804</u> |

| | |
|------------------------------|------------------|
| TOTAL COLLECTION AND CREDITS | <u>4,179,645</u> |
|------------------------------|------------------|

| | |
|--|--------------------------|
| 2016/2017 TAXES RECEIVABLE - JUNE 30, 2017 | <u><u>\$ 321,188</u></u> |
|--|--------------------------|

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Select Board
Town of Readfield
Readfield, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Readfield, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Readfield, Maine's basic financial statements, and have issued our report thereon dated May 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Readfield, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Readfield, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Readfield, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Readfield, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine
May 23, 2018